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APPLICATION OF

SOUTHSIDE ELECTRIC COOPERATIVE, INC.

CASE NO. PUE000750

**For a general rate increase and for
approval of a special rate and contract**

HEARING EXAMINER'S RULING

June 22, 2001

Pursuant to the Commission's March 19, 2001, Order for Notice and Hearing and a Hearing Examiner's Ruling dated May 1, 2001, a hearing to receive public comments has been scheduled for July 11, 2001, and an evidentiary hearing has been scheduled for July 12, 2001, in the captioned proceeding. On June 5, 2001, William C. Rolfe, County Administrator for Bedford County, filed a letter with the Commission and a copy of a resolution passed by the Bedford County Board of Supervisors ("Supervisors") requesting a hearing in Bedford County. Mr. Rolfe states the request is made "at the urging of Bedford County customers of Southside Electric Cooperative ("Southside") who would like the opportunity to hear the Cooperative's case before the Commission and the opportunity to comment, if possible."

I find the request of the Supervisors should be granted in part. I find the hearings currently scheduled should remain on the Commission's docket. I further find additional hearings in Bedford County should be convened for the purpose of receiving additional public comments. Accordingly,

IT IS DIRECTED:

(1) That the hearings on this matter, currently scheduled to commence at 10:00 a.m. on July 11 and July 12, 2001, in the Commission's second floor courtroom shall remain as docketed;

(2) That additional hearings to receive public comments shall be convened on Wednesday, July 25, 2001, at 2:00 p.m. and 7 p.m. in the Board of Supervisors Meeting Room, Bedford County Administration Building, 122 E. Main St., 2nd Floor, Bedford, Virginia 24523;

(3) That, on or before July 20, 2001, Southside shall serve a copy of this Ruling on all parties of record appearing in the Cooperative's last rate case, if any, and all officials listed in the Cooperative Rate Rules, 20 VAC 5-200-21 D 2 h, in the manner prescribed by that rule, as well as upon all customers served under Southside's Industrial Power Rate Schedule I.

(4) That, on or before July 20, 2001, Southside shall publish the following notice as display advertising (not classified) once in newspapers of general circulation in its service territory:

NOTICE TO THE PUBLIC OF APPLICATION BY
SOUTHSIDE ELECTRIC COOPERATIVE FOR
A GENERAL INCREASE IN ELECTRIC RATES AND OF
A SPECIAL RATE FOR ARBORTECH, INC.
CASE NO. PUE000750

On December 29, 2000, Southside Electric Cooperative (“Southside” or “the Cooperative”) filed with the State Corporation Commission (“Commission”) an application for a general increase in electric rates and amendments of the Cooperative’s terms and conditions (“general rate application”), and for approval of a special rate for ArborTech, Inc. (“ArborTech”) (“special rate application”).

Also on December 29, 2000, Southside filed with the Commission an application for approval of a plan for the functional separation of its generation, transmission, and distribution services (“functional separation plan”) pursuant to Virginia Code § 56-590 of the Virginia Electric Utility Restructuring Act, Chapter 23 (§ 56-576 et seq.) of Title 56 of the Code of Virginia (“Restructuring Act” or “the Act”).

Pursuant to § 56-582 A 3 of the Restructuring Act, Southside’s proposed rates in its general rate application took effect January 1, 2001, on an interim basis and subject to refund. According to the Cooperative, its proposed rates and charges will produce additional annual revenues of \$6,001,654. These additional annual revenues represent an increase of 10.77% in jurisdictional revenues. The rates ultimately approved by the Commission will become Southside’s capped rates through July 1, 2001, under § 56-582 A of the Restructuring Act.

Southside’s special rate application, filed pursuant to § 56-235.2 of the Code of Virginia, seeks approval of a special rate for service to ArborTech, a lumber producer and manufacturer of wood products that is currently constructing a facility in Southside’s Nottoway County service territory. According to the Cooperative’s special rate application, ArborTech’s new facility will create at least 50 new jobs and will represent an investment of over \$20 million in Nottoway County. Southside states that ArborTech could receive service under the Cooperative’s Schedule I, but that the proposed special rate is needed as an economic incentive to encourage the location of this customer in Southside’s service territory. Southside states that its special rate proposal will (i) protect the public interest, (ii) will not

unreasonably prejudice or disadvantage any customer or class of customers, and (iii) will not jeopardize the continuation of reliable utility service.

As previously noticed, hearings to receive public comments and evidence on the Southside general rate application and special rate application were convened before a hearing examiner on July 11 and 12, 2001, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219.

Two additional hearings to receive public comments on the Southside general rate application and special rate application will be convened before a hearing examiner on Wednesday, July 25, 2001, at 2:00 p.m. and 7:00 p.m. in the Board of Supervisors Meeting Room, Bedford County Administration Building, 122 E. Main St., 2nd Floor, Bedford, Virginia 24523.

The details of Southside's proposals are set out in its applications. Interested parties are encouraged to review the applications, which may be done at the Commission's Document Control Center, Office of the Clerk of the Commission, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, during Commission business hours. Copies of the applications may also be reviewed at the Cooperative's office in Crewe, Virginia, during regular business hours. The Cooperative will also provide a copy of the application(s) upon receipt of a written request to its counsel, John M. Boswell, Esquire, Boswell & Williamson, P.O. Box 45, Crewe, Virginia 23930.

Interested persons may obtain a copy of the Commission's Order for Notice and Hearing establishing this proceeding and setting forth the complete procedural schedule from the Commission's Web site, www.state.va.us/scc/caseinfo/orders.htm.

Any person desiring to make a statement at the public hearings concerning the applications need only appear at the hearing location fifteen minutes before the commencement of the hearing and identify himself or herself to the Bailiff as a public witness.

Individuals with disabilities who require an accommodation to participate in the hearing should contact the

Commission at least two (2) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

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(5) That at the commencement of the 2:00 p.m. July 25, 2001, public hearing Southside shall present to the Examiner proof of the newspaper publication required by Paragraph (4) and proof of service required by Paragraph (3), including the name, address, and title of each person served.

Alexander F. Skirpan, Jr.
Hearing Examiner